

# Financial Results for Second Quarter of Fiscal Year ending March 2018



OpenDoor Inc.  
(Stock Code: 3926)

1. Highlights
2. Second Quarter - Financial Overview
3. Second Quarter – Recognition Rate from TV  
Commercials
4. Second Quarter – Main Initiatives
5. Second Half Year – Main Planned Initiatives
6. Reference Materials

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## ■ Key Strategies for FY2018 March

- Choosing the recognition rate as the most important performance indicator for FY2018 March, we aim to achieve a recognition rate of 25% or higher mainly through TV and other media. In the current fiscal year, the impact of TV commercials will be measured on a simultaneous basis, and the amount spent will be adjusted flexibly within a targeted range of 300 million-1,000 million yen. Since it remains unclear how much money will be spent on advertising, the full-year projections for sales and operating profit are expressed as a range (sales: 3,700-4,000 million yen; operating profit: 800 million-1,200 million yen).

## ■ Results for 2Q FY2018 March

[Accounting period (July to September)]

- Sales: **1,179 million yen (up 53.3 % YoY<sup>\*1</sup>)**; operating profit: **329 million yen (down 9.1% YoY)**
- Quarterly sales hit an all-time high.
- Except for the temporary cost of Head Office relocation (approx. 38 million yen), absorbing TV commercial costs, operating profit surpassed that of the same period of the previous year.

[Cumulative period (April to September) ]

- Sales: **2,065 million yen (up 45.8 % YoY)**; operating profit: **570 million yen (down 3.2% YoY)**
- In FY2018 March, the highest quarterly sales are likely to be achieved in 2 Q, followed by 4 Q, 3 Q and 1 Q as usual. Nevertheless, the achievement rate of 2Q sales against the initial full-year sales projection was solid at **51.6-55.8%** (compared with the corresponding figure of 47.3% in the previous year)
- Except for the temporary cost of Head Office relocation (approx. 52 million yen), absorbing TV commercial costs, operating profit surpassed that of the same period of the previous year.

## ■ TV Commercials

- The recognition rate in September 2017 was **26.9%**. We achieved the full-year target of 25% six months ahead of schedule.
- To further raise the recognition rate in the second half of FY2018 March, we plan to launch efficient advertising campaigns to meet timing of travel needs.

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# Financial Overview / 2Q FY2018 March

- Sales hit an all-time high with a substantial increase of 53.3% YoY due to existing business growth boosted by TV commercials, and low sales in the previous 2Q due to the negative factor of Rio Olympics.
- Except for the temporary cost of the relocation of the Head Office (approx. 38 million yen), operating profit surpassed that of the same period of the previous year, and absorbed the TV commercial costs.

Unit: millions of yen

	2Q FY2017/3 Results	2Q FY2018/3 Results	Amount of change	YoY
Sales	768	1,179	+410	+53.3%
Cost of sales	142	157	+15	+10.6%
Profit margin on sales	626	1,021	+394	+63.1%
Sales, general and administrative expenses	263	691	+427	+162.4%
Operating profit	362	329	-32	-9.1%
Ordinary profit	367	330	-36	-9.9%
Current profit	223	206	-16	-7.6%
Operating margin	47.2%	28.0%	-19.2P	-

## Progress from Expected Disclosure / 2Q FY2018 March (cumulative results)

- Sales continue to be steady (up 45.8% YoY, progression rate from the original projection is from 51.6% to 55.8% while that of the previous 2Q was 47.3%)
- Except for the temporary cost of the relocation of the Head Office (approx. 52 million yen), operating profit surpassed that of the same period of the previous year, and absorbed the TV commercial costs.

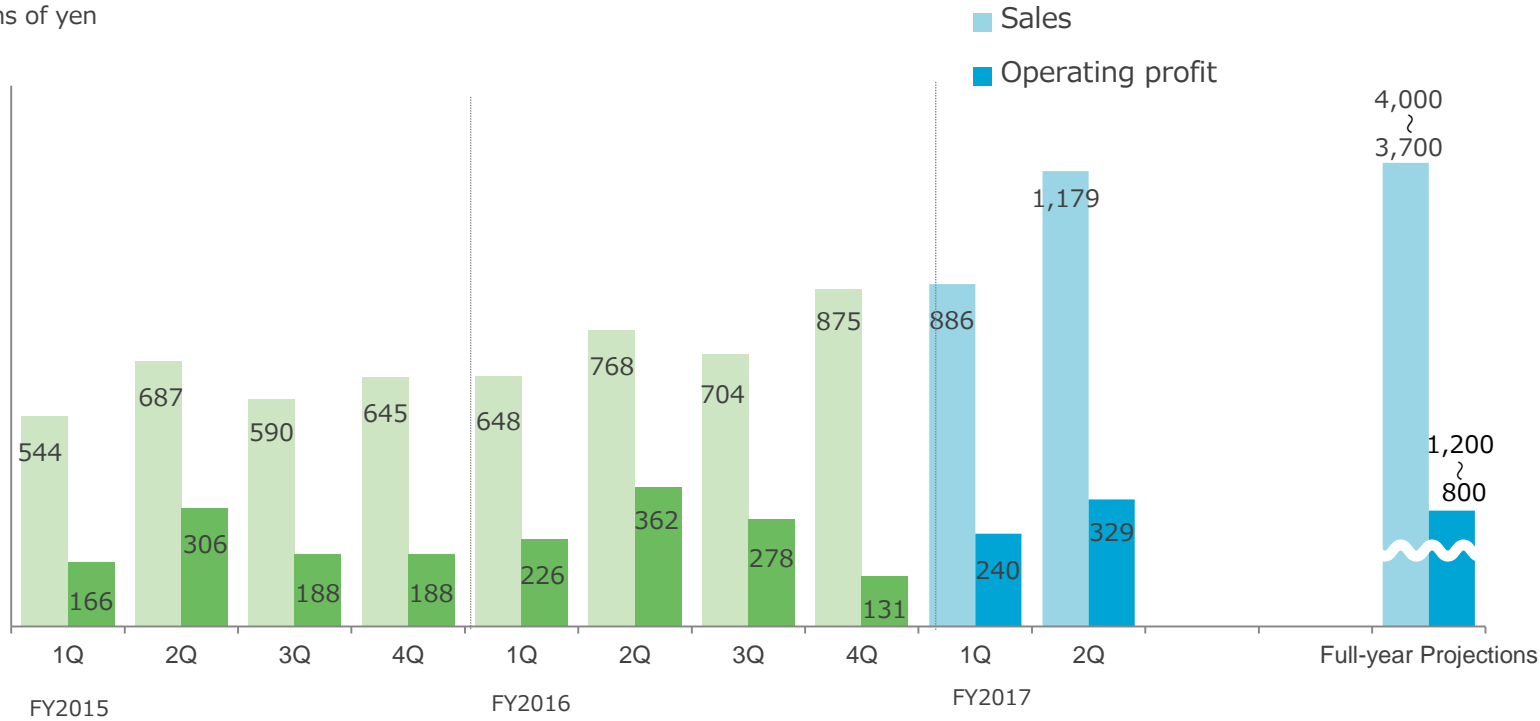
Unit: millions of yen

	2Q FY2017/3 cumulative results	2Q FY2018/3 cumulative results	Amount of change	YoY	Progression rate from original projection	FY2018/3 Projection
Sales	1,416	2,065	+648	+45.8%	55.8% ~ 51.6%	3,700 ~ 4,000
Cost of sales	271	295	+24	+9.0%	43.5% ~ 43.5%	680 ~ 680
Profit margin on sales	1,145	1,769	+624	+54.5%	58.6% ~ 53.3%	3,020 ~ 3,320
Sales, general and administrative expenses	556	1,199	+642	+115.6%	65.9% ~ 47.6%	1,820 ~ 2,520
Operating profit	589	570	-18	-3.2%	71.3% ~ 47.5%	800 ~ 1,200
Ordinary profit	596	574	-22	-3.7%	71.8% ~ 47.8%	800 ~ 1,200
Current profit	369	344	-25	-6.9%	71.8% ~ 47.8%	480 ~ 720
Operating margin	41.6%	27.6%	-14.0P	-	-	20.0% ~ 32.4%

# Results / Trends in Quarterly Results for 2Q FY2018 March

- Quarterly sales hit an all-time high.
- In FY2017 March, the change of billing system for main products to measured rate billing in 3Q resulted in 4Q recording the highest quarterly sales of the year, followed by 2Q, 3Q and 1Q. In FY2018 March, 2Q sales are forecast to be the highest of the year, followed by 4Q, 3Q and 1Q sales as usual.

Unit: millions of yen





# FY2018 March — Projection/ Profit and Loss Statement



- The 2Q results were in line with the initial projections at the beginning of the current fiscal year. No changes have been made.
- Choosing the recognition rate as the most important performance indicator for FY2018 March, we aim to achieve a recognition rate of 25% or higher mainly through TV and other media. In the current fiscal year, the impact of TV commercials will be measured on a simultaneous basis, and the amounts spent will be adjusted flexibly within a targeted range of 300 million–1,000 million yen. Since it remains unclear how much money will be spent on advertising, the projections for sales and operating profit are expressed as a range.

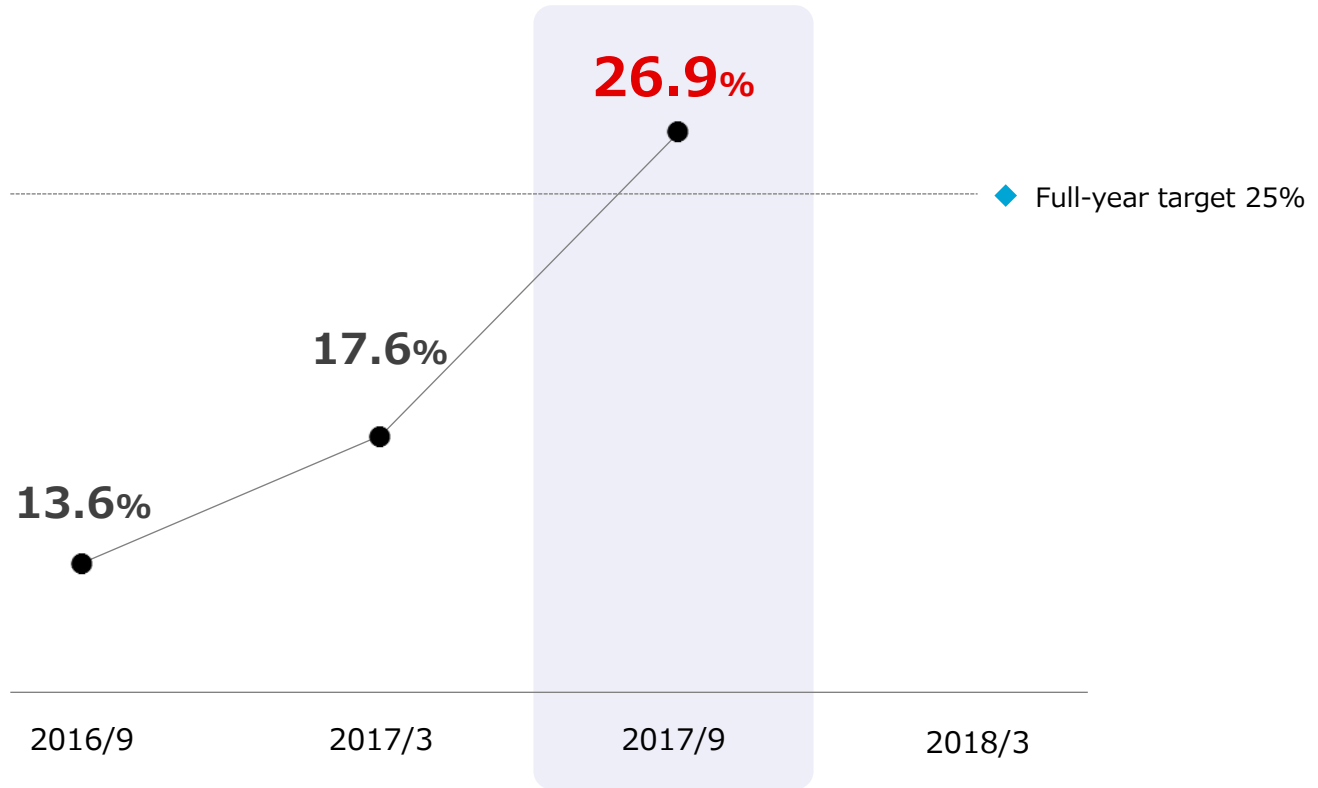
Unit: millions of yen

	Results FY2017 March	Projection for FY2018 March		Amount of change	QoQ <sup>*1</sup>	
Sales	2,996	3,700 ~	4,000	+703 ~ +1,003	+23.5% ~	+33.5%
Cost of sales	540	680 ~	680	+139 ~ +139	+25.7% ~	+25.7%
Profit margin on sales	2,455	3,020 ~	3,320	+564 ~ +864	+23.0% ~	+35.2%
Sales, general and administrative expenses	1,456	1,820 ~	2,520	+363 ~ +1,063	+24.9% ~	+73.0%
Operating profit	999	800 ~	1,200	-199 ~ +200	-19.9% ~	+20.1%
Non-operating profit/loss	6	0 ~	0	-6 ~ -6	- ~	-
Ordinary profit	1,006	800 ~	1,200	-206 ~ +193	-20.5% ~	+19.3%
Extra ordinary profit/loss	-2	0 ~	0	+2 ~ +2	- ~	-
Current profit	632	480 ~	720	-152 ~ +87	-24.1% ~	+13.8%
Current net profit per share (yen)	61.6	46.54 ~	69.81			

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# 2Q FY2018 March / Recognition Rate from TV Commercials

- Recognition rate: **26.9%** in September 2017, achieving the full-year target of 25% six months ahead of schedule !
- To further raise the recognition rate in the second half of FY2018 March, we plan to launch efficient advertising campaigns to meet timing of travel needs.



Source: OpenDoor's own survey (September 2017)  
 Survey respondents: Male and female respondents from across Japan aged 18 to 59 who have been on a trip that involved staying at accommodation, for either private or business purposes, from a sample of 10,000.

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- August 3 **Travelko-Japan** Renewal of highway bus and overnight bus comparison services ! A sharp increase in the number of routes posted and enhanced search functions increase users convenience.
- August 30 **Travelko-Japan** A direct affiliate with Ctrip for overseas air tickets enables comparison of a wide range of air tickets handled by China's largest online travel site.
- September 8 **Travelko-Japan** Affiliate with Tabikobo for overseas air tickets. An increase in the number of reservation sites increase users convenience.
- September 29 **Travelko-Global** The global travel comparison site Travelko starts services for comparison of Taiwan domestic package tour products for users in Taiwan.

## Renewal of highway bus and overnight bus comparison site



## Affiliate with China's largest online travel site Ctrip for overseas air tickets



## Start comparison of domestic tours in Taiwan for users in Taiwan



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- ✓ 30 cities selected by experts' reviews are ranked in "Summary of Travelko"(released on October 19)
- ✓ Provide inbound information sites with the Travelko-global site travel comparison system
  - The system was provided to Narita City Tourism Association Narita Public which has a Multi-language site "FEEL Narita" (provided on October 25<sup>th</sup>)
- ✓ Implemented train and hotel packages comparison site service(bullet train and hotel/inn)
- ✓ Following Taiwan domestic package tours comparison site for users in Taiwan, implementation of overseas package tours, for users in Taiwan, which will include inbound travel to Japan

*Coming Soon*

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# Balance Sheet / 2Q FY2018 March

- Financial results show steady performance, with a 347 million increase in net assets.

Unit: millions of yen

	2017/3 Results	2017/9 Results	Amount of change
Current assets	3,591	3,879	+288
Cash and deposits	2,993	3,057	+64
Other	598	822	+224
Fixed assets	458	623	+164
Total assets	4,050	4,503	+452
Current liabilities	702	728	+26
Fixed liabilities	2	81	+79
Total liabilities	704	810	+105
Net assets	3,345	3,692	+347
Capital	648	648	-
Capital reserves	475	474	-0
Earned surplus	2,236	2,581	+344
Other	-14	-11	+2
Total liabilities and net assets	4,050	4,503	+452

# Major Breakdown of Cost of Sales, Selling, General and Administrative Expenses / 2Q FY 2018 March

- Major factors for the increase in sales, general and administrative expenses were due to TV commercial expenses and head office relocation expenses.

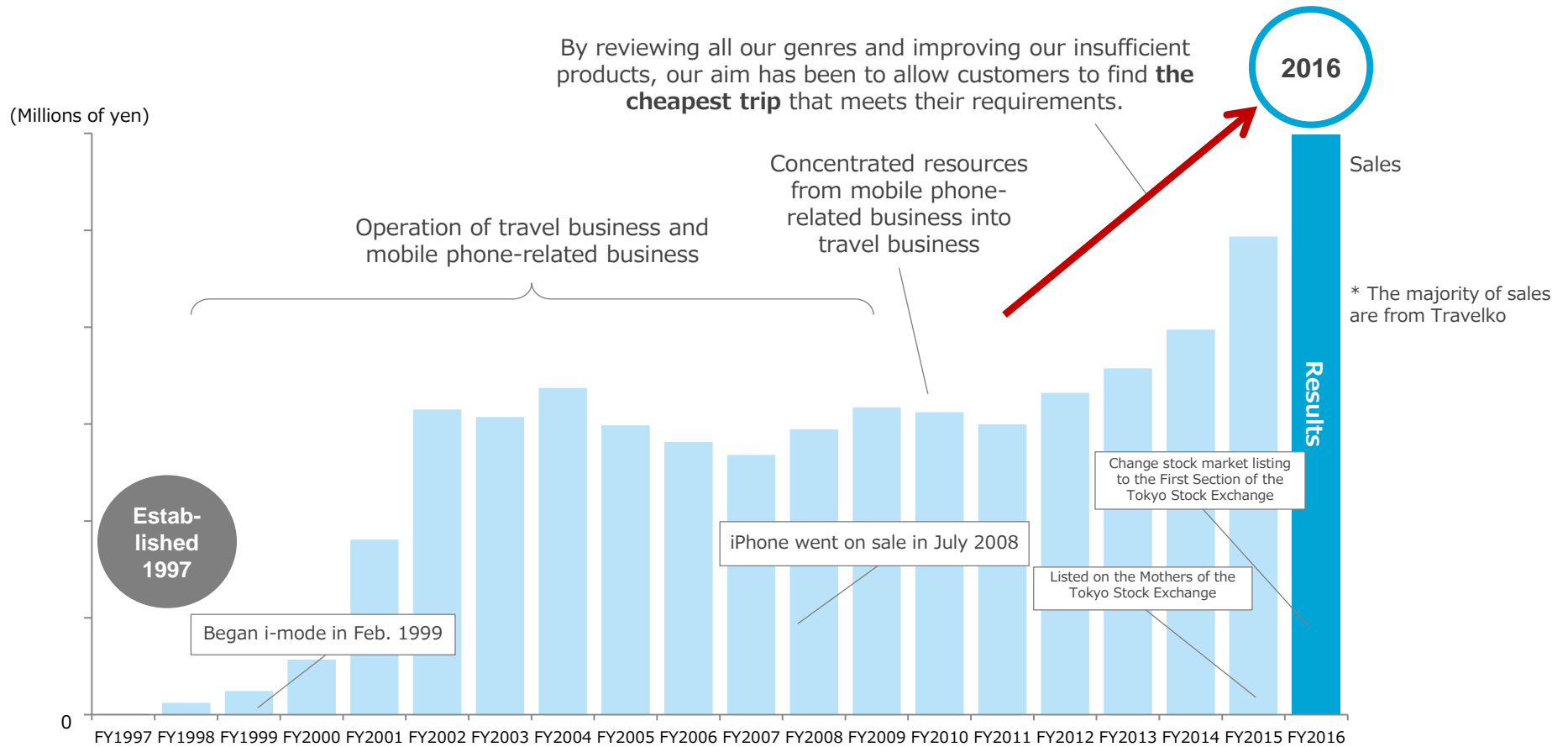
Unit: millions of yen	2Q FY'2017/3 cumulative results		2Q FY2018/ 3			
	Sales ratio	Amount of change	QoQ	Sales ratio		
Cost of sales	271	19.2%	295	+24	+9.0%	14.3%
Labor cost	174	12.3%	194	+20	+11.5%	9.4%
Other	97	6.9%	101	+4	+4.5%	4.9%
Sales, general and administrative expenses	556	39.2%	1,199	+642	+115.6%	58.0%
Persnnel cost	348	24.6%	341	-6	-1.9%	16.5%
Other	207	14.7%	857	+649	+312.7%	41.5%

# Cash Flow Statement / 2Q FY2018 March

- Cash and cash equivalent increased by 64 million yen in the first half of the fiscal year to 3,057 million yen.

Unit: millions of yen	2Q FY2017/3 cumulative results	2Q FY2018/3 cumulative results	
Cash flows from operating activities	+202	+222	Net income before tax 574 Income taxes paid 228
Cash flows from investing activities	-14	-160	Purchases of tangible fixed assets 133
Cash flows from financing activities	-	+1	—
Changes in cash and cash equivalents	+185	+64	—
Balance of cash and cash equivalents at the beginning of the period	2,544	2,993	—
Balance of cash and cash equivalents at the end of the period	2,729	3,057	—

Company name	OpenDoor Inc.
Date of establishment	April 1997
Representative	Daisuke Sekine, President and Representative Director
Capital	648 million yen
Stock Exchange	Tokyo Stock Exchange First Section (Stock code: 3926)
Description of business	Travel comparison site Travelko Global travel comparison site Travelko Operation of traditional crafts information site GALLERY JAPAN and KOGEI JAPAN
Consolidated subsidiaries	100% equity in Hotel Skip Inc. Reservation, arrangement, and sales for international and domestic hotels
Number of employees	A total of 152 employees



A travel comparison site that allows you to search and compare products from more than 500 booking websites

理想の旅をいちはば安く  
**トラベルコ**  
TRAVELKO

運営会社: 株式会社オープンドア (東証一部)  
初めての方へ | よくある質問 | メールマガ

JTB、H.I.S.、じゃらんnet、楽天トラベル、Expedia、Booking.comなど、  
国内外500以上の予約サイトを比較!

レジャー・ビジネス・格安・5つ星など、あらゆる目的に応じたプラン・チケットを網羅!

価格重視派も、こだわり派も満足の旅が見つかる豊富な検索条件!

燃油サーチャージ、空港諸税、リゾートフィーなどを含んだ、参加人数の合計料金でも比較可能!

トラベルコアプリ  
国内・海外のホテル、航空券、ツアーなど  
500以上の予約サイトの商品を検索できる旅行比較アプリ

国内旅行		海外旅行	
国内ホテル	日帰りバスツアー	海外ホテル	オプションツアー
国内格安航空券	高速バス・夜行バス	海外格安航空券	海外Wi-Fiレンタル NEW
国内ツアー	国内レンタカー	海外ツアー	ファイナルコール
国内航空券+ホテル	ファイナルコール	海外航空券+ホテル	
日帰り旅行・体験・ホテルプラン		> クルーズ	> 海外鉄道予約
> 旅行見知り	> ベストセレクト	> 留学・ワーホリ	> 旅行見知り
		> 海外レンタカー	> ベストセレクト

週末は日帰りバスツアーでプチトリップ

オンラインでも使えるトラベルコマップ

新サービス「海外Wi-Fiレンタル」

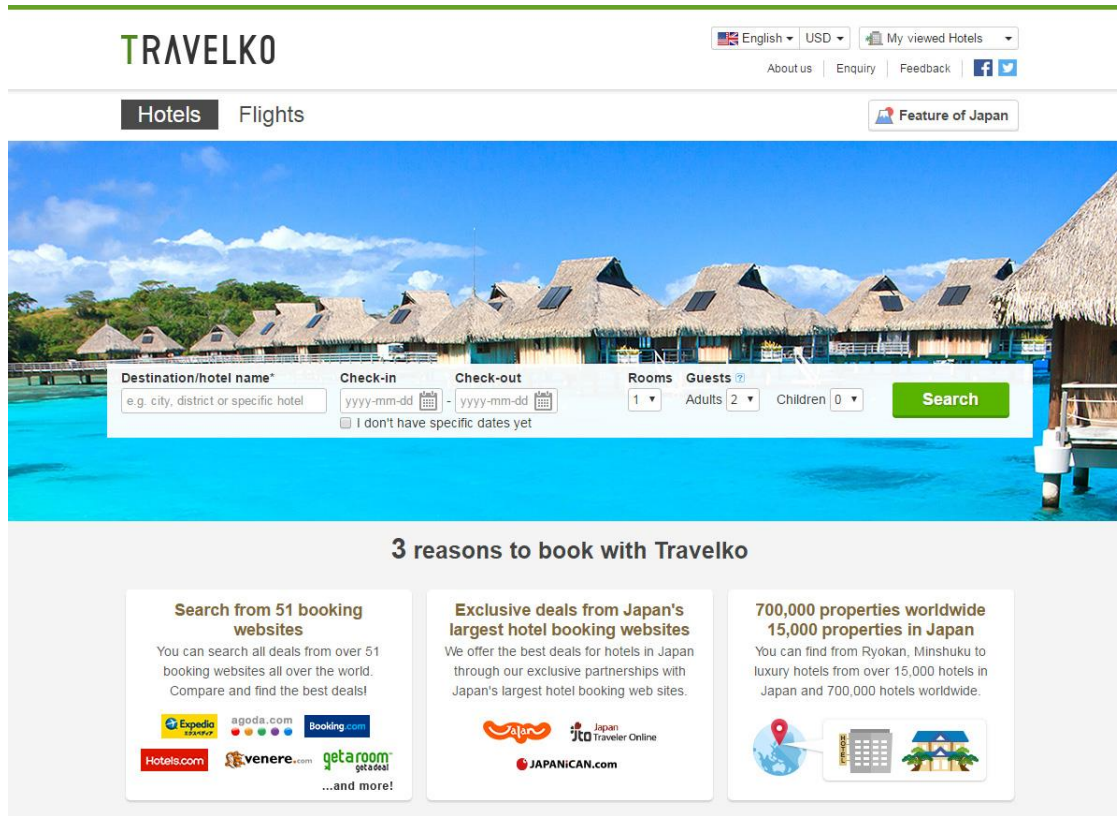
最安値一覧

東京発 | 9月 | 10月 | 【マーク説明】 ↓↑...最安値の更新商品あり ※8月4日時点の価格です

国内ツアー		国内ホテル		海外ツアー(燃油込)	
札幌2日	1.68万円	札幌	3,030円	ソウル3日間	1.38万円
旭川3日	2.67万円	鬼怒川温泉	3,240円	台北3日間	1.77万円
金沢2日	1.82万円	東京	2,093円	香港3日間	2.36万円
				グアム4日間	2.87万円
				バンコク4日間	2.73万円
				シンガポール4日間	2.98万円



The global version of Travelko, targeted at overseas and inbound markets

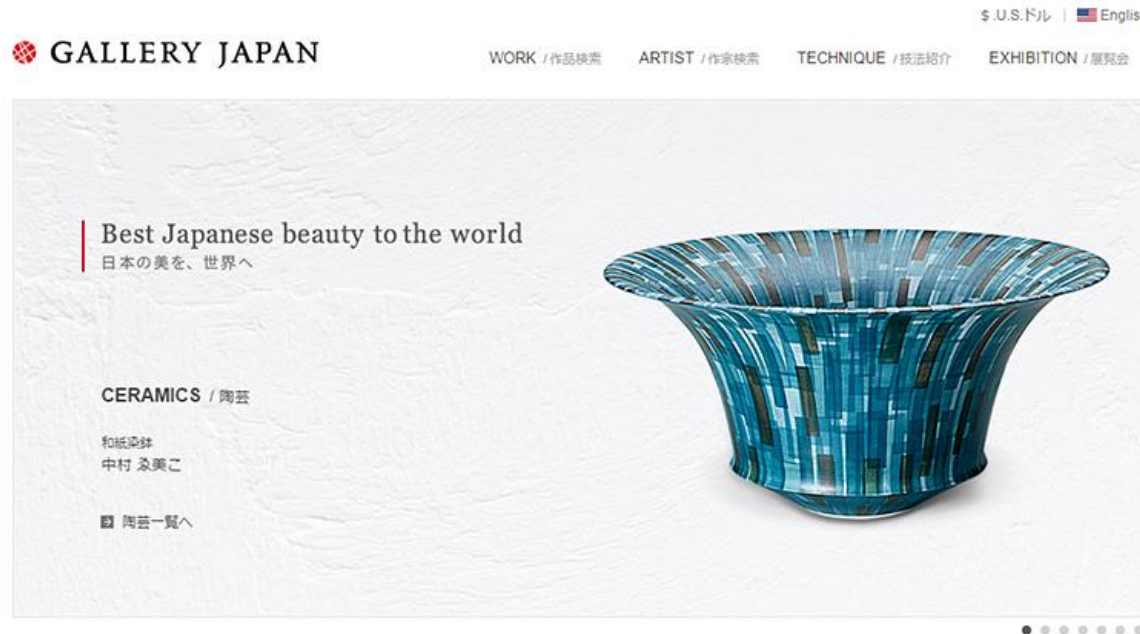


Supported languages

- English
- Chinese Simplified
- Chinese Traditional (Taiwan)
- Chinese Traditional (Hong Kong)
- Korean



A site targeted at overseas and inbound markets, that introduces traditional crafts of Japan to the rest of the world



## WORK / 作品紹介

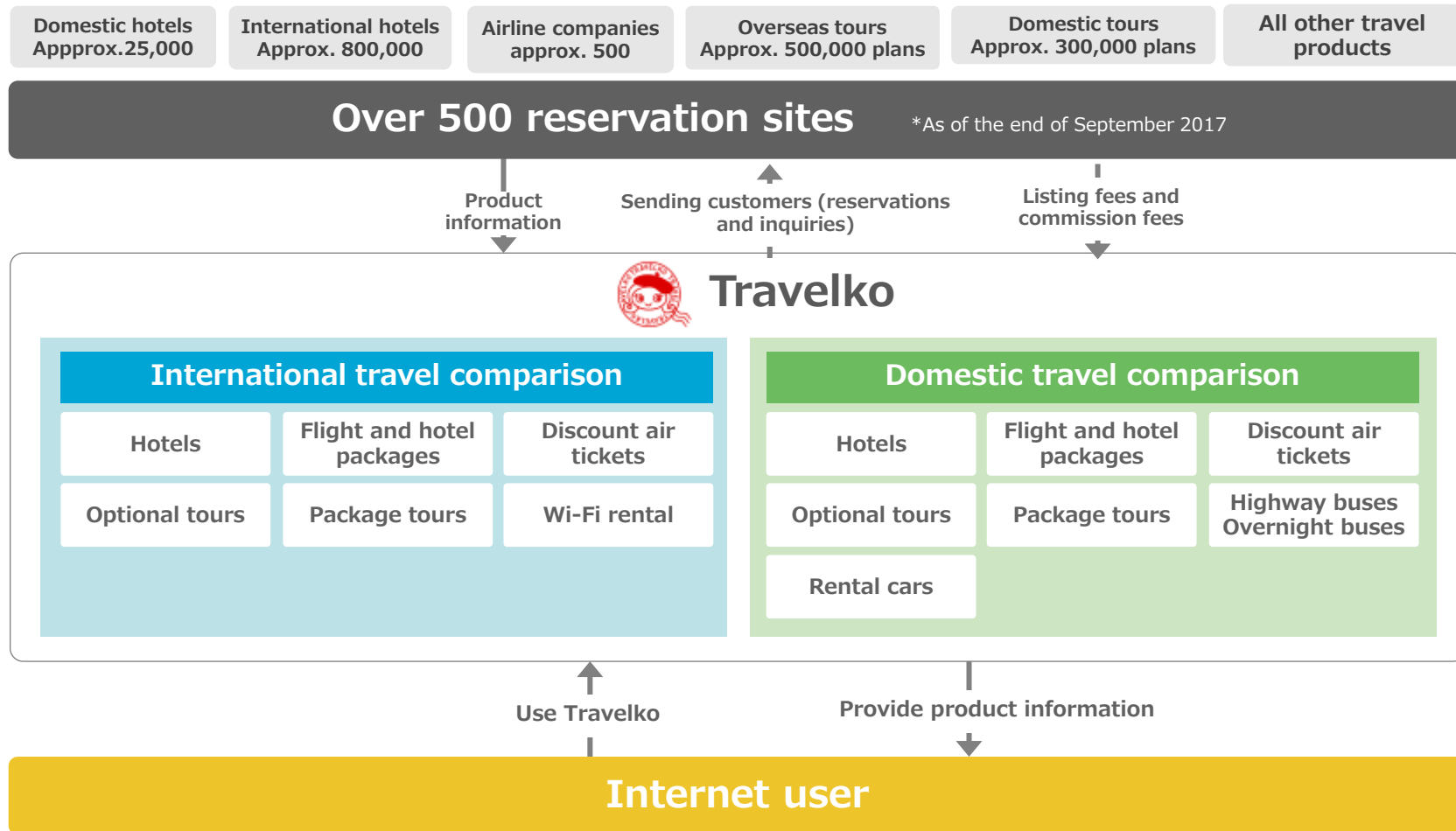


Supported languages

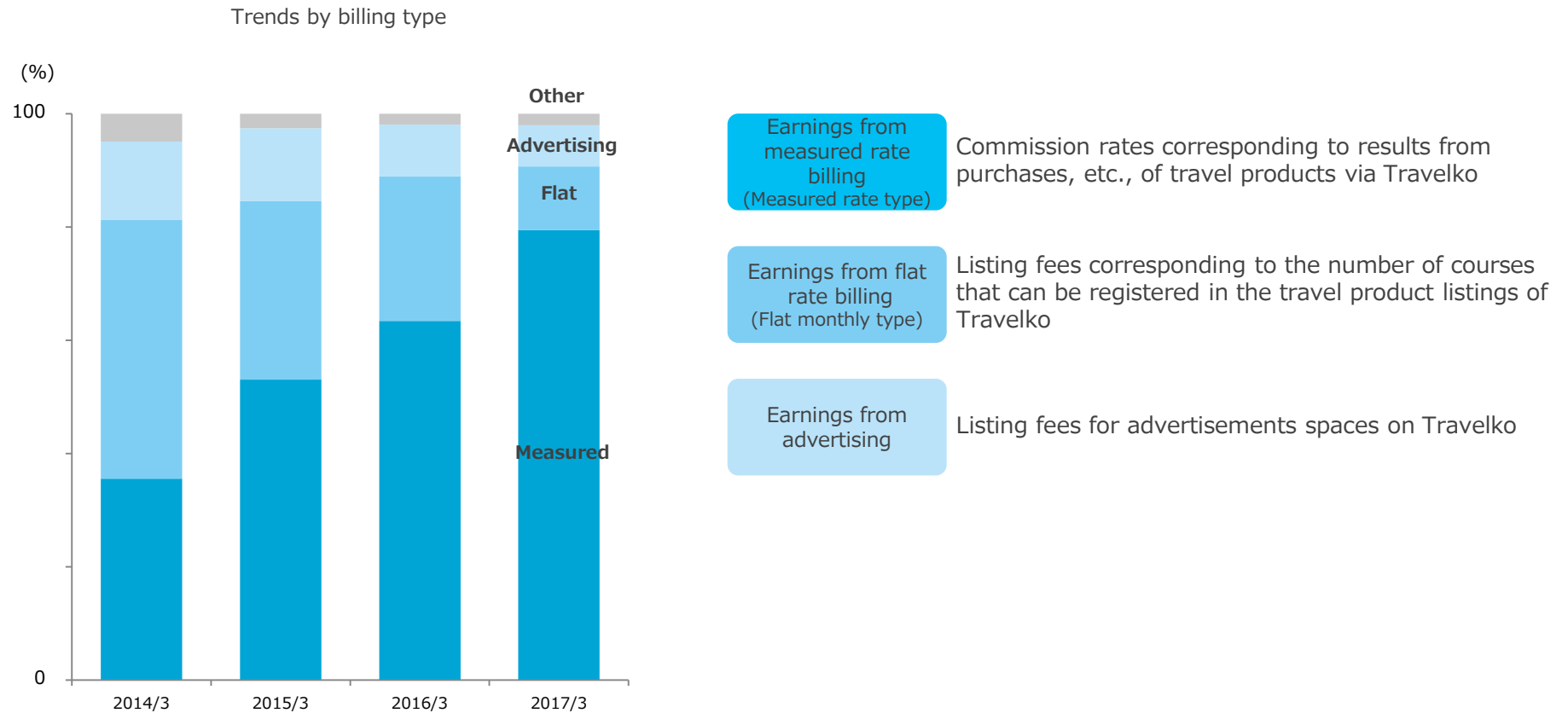
English  
Japanese



A business model that allows the majority of travel products to be compared

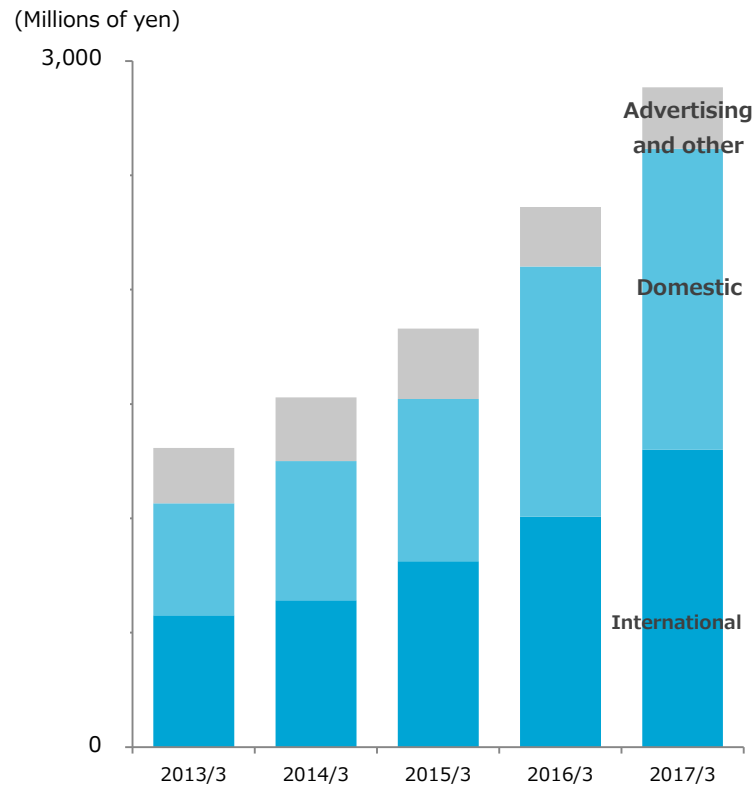


Shift from flat rate billing to measured rate billing based on results



Both international and domestic sales increasing; a well-balanced risk-resilient sales structure.

Trends in the ratio between international and domestic sales



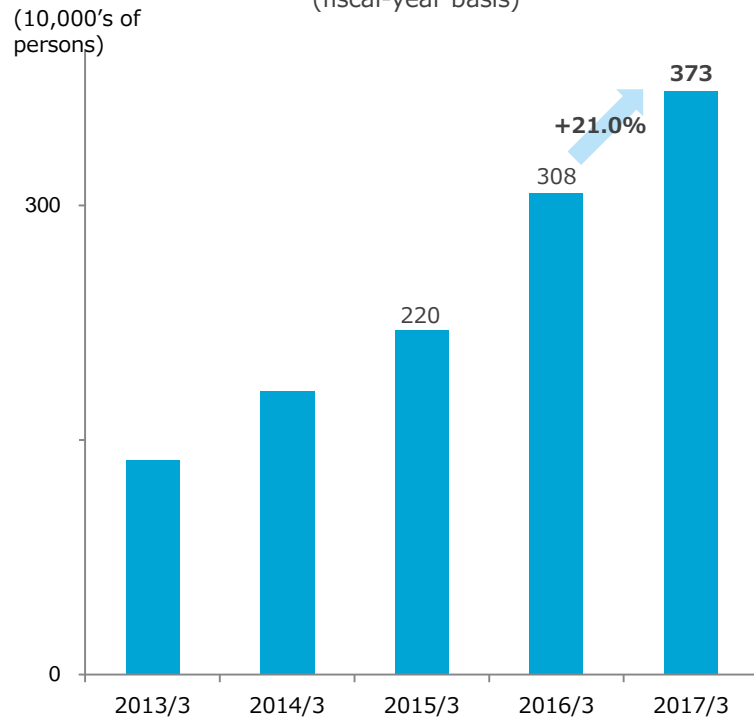
**Flexibly corresponds to changes in market trends**

due to changes in international or domestic popularity, or because of sudden events such as terrorist attacks, etc.

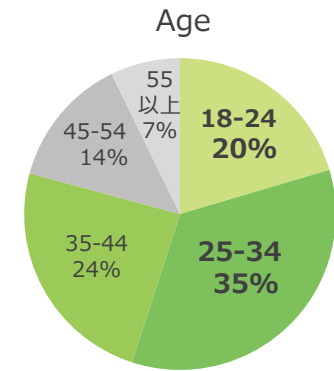
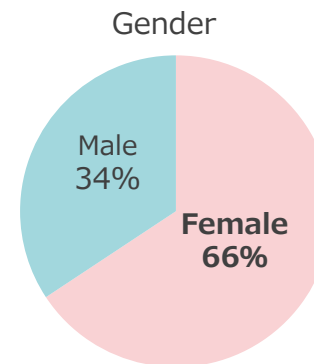
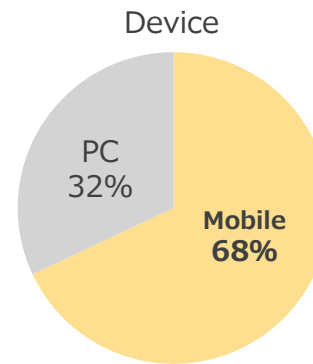
A structure that is resistant against exchange fluctuations

There has been a steady rise in the number of unique users\*<sup>1</sup>. Of particular note is the fact that price- and quality-conscious F1 users (females aged 20-34) account for a large proportion.

Changes in the monthly averages of the number of unique users (fiscal-year basis)



User attributes \*<sup>2</sup>



\*The majority of genres are now supported on smartphones.

We are favored by price- and quality-conscious F1 users.



\* 1 A unit for counting the amount of access via the Web by using a method of counting a specific user as one user even if the user in question has visited the site multiple times on the same device within a period of one month

\*2 2016/10 - 2017/9 access analysis data of our company

Top-class domestic product competitiveness

- ✓ **Coverage** of the majority of **genres\***, and price comparison connected with inventory information
- ✓ Comparison possible of over 500 reservation sites, and **overwhelming price competitiveness**

\*Product genres such as package tours, hotels, discount air tickets, flight and hotel packages, etc.

High profitability

- ✓ Driven by high price competitiveness, reviews alone able to increase the number of users
- ✓ **A structure in which profitability increases as sales increase**, thanks to slower increases in variable costs and fixed costs compared to sales growth (Excluding cases where large investments and promotion activities are implemented\*\*)

\*\*Mass advertising, including TV commercials, to be implemented in FY2018 March in order to secure new users and accelerate growth

High growth in the number of unique users

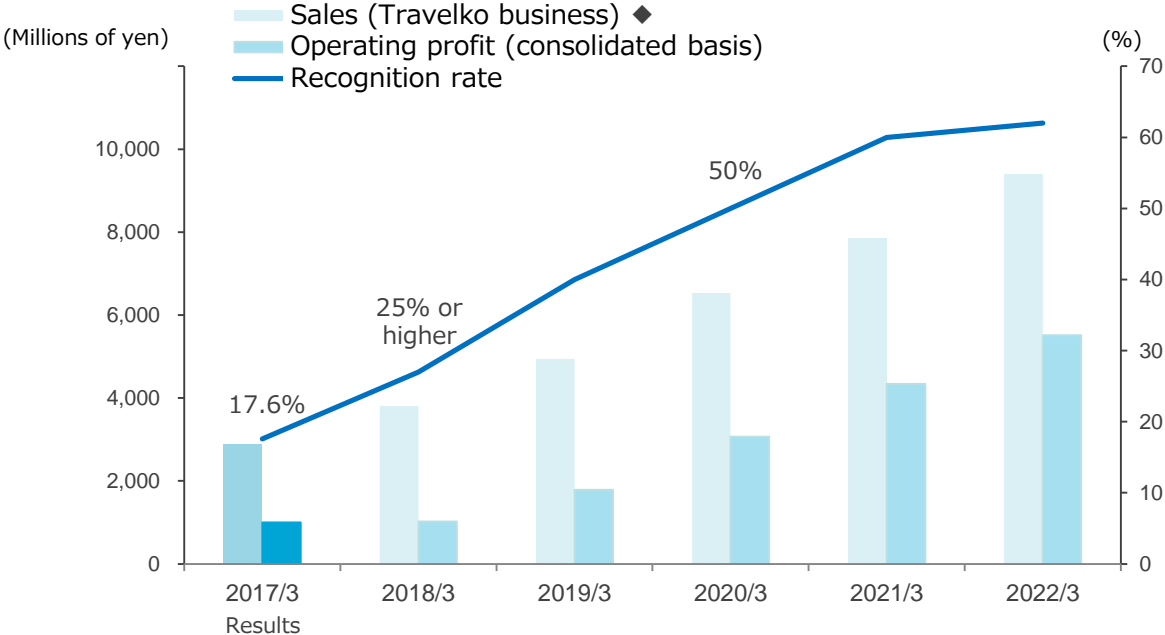
- ✓ Constant high growth in the number of unique users
- ✓ **Growth in the number of unique users in all genres**

# Image of Mid-term Growth in Travelko Business

- The recognition rate of the top brand in the travel industry is approximately 70%. Travelko aims to achieve a recognition rate of 50% over the next three years (FY2020 March).
- The number of unique users that has a direct impact on sales is considered to grow at a rate proportional to the recognition rate and brand awareness. Accordingly, an increase in the recognition rate is expected to be followed by an increase in the number of unique users and sales.

\*A certain level of investment in mass advertising is expected to continue to maintain brand awareness.

\*\*For sales to grow in proportion to the recognition rate, in addition to the above, it is important that products are price competitive. This is one of the company's strengths and is likely to be maintained in the future as well.



◆ Because almost all sales currently arise from the Travelko business.

◆◆ The graph provides an image of future trends.

トラベルコム TRAVELKO  
 株式会社 オープンドア (東京一都)  
 初めの方へ よくある質問 会員登録

JTB, H.I.S., じゃらんnet, 楽天トラベル, Expedia, Booking.comなど、国内外500以上の予約サイトを比較！

レジャー・ビジネス・格安・5つ星など、あらゆる目的に応じたプラン・チケットを掲載！  
 価格重視でも、こだわり高も満足度の高いプランが豊富に検索可能！  
 隠し料金・チャージ、空港送迎、リゾートフィーなどを含んだ、参加人数の合計料金でも比較可能！

**トラベルコムアプリ**  
 国内・海外のホテル、航空券、ツアーなど、500以上の予約サイトの商品を検索できる旅行比較アプリ

国内旅行		海外旅行	
国内ホテル	日帰りバスツアー	海外ホテル	オプションツアー
国内格安航空券	高速バス・夜行バス	海外格安航空券	海外Wi-Fiレンタル NEW
国内ツアー	国内レンタカー	海外ツアー	ファイナルコール
国内航空券+ホテル	ファイナルコール	海外航空券+ホテル	
日帰り旅行・研修・ホテルプラン			
旅行見積り	ベストセレクト		

App Store からダウンロード  
 Google Play へインストール

週末は日帰りバスツアーでプチトリップ  
 オフラインでも使えるトラベルコムマップ  
 新サービス「海外Wi-Fiレンタル」

**最安値一覧**  
 東京都 | 9月 | 10月 | [マークシート] | T: 最安値の乗車券あり ※8月4日時点の価格です

国内ツアー		国内ホテル		海外ツアー(燃油込)	
札幌2日	1,685円	札幌	3,030円	ソウル2日	1,385円
旭川3日	2,675円	電気川温泉	3,240円	香港3日	2,365円
金沢2日	1,825円	東京	2,093円	バンコク4日	2,735円
大宮2日	1,645円	TDK	4,860円 ↓	ホノルル5日	6,585円
京都2日	1,475円	横浜	4,046円	ロサンゼルス5日	5,995円
博多・福岡2日	1,985円	神戸	3,670円	パリ6日	7,205円
那覇3日	1,925円	熱海	3,250円	ローマ6日	7,505円
沖縄ビーチ(那覇)3日	2,245円	那覇	400円	ケアンズ6日	5,905円
				台北3日	1,775円
				グアム4日	2,875円
				シンガポール4日	2,985円
				パリ5日	3,985円
				ニューヨーク5日	7,305円 ↓
				ロンドン6日	7,505円
				パリスロンドン6日	8,205円
				ドバイ6日	8,105円

PR 夏本編！JALで行く沖縄旅行！(値下げ旅行) | PR イベントに参加＆夏のパリ旅行を当てよう！

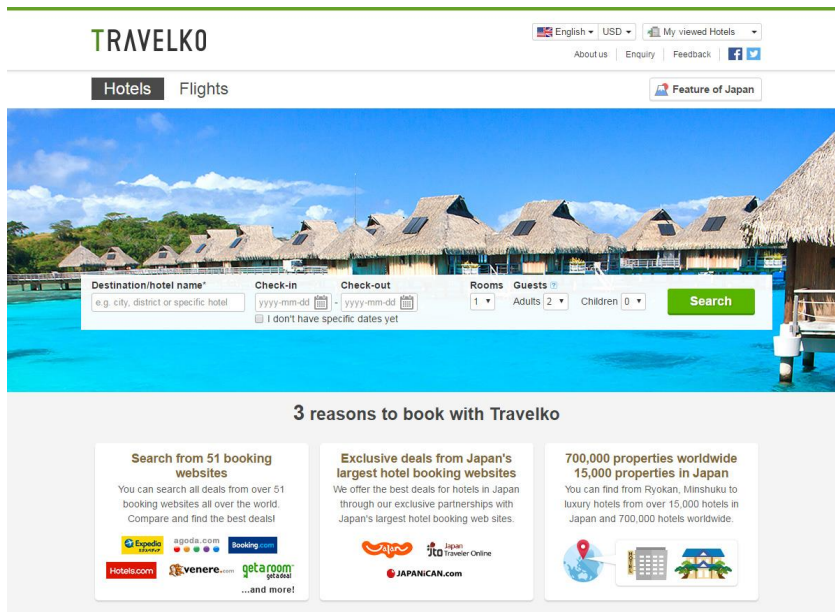
**国内旅行記事** | 国内旅行記事をもっと読む  
 今、夏は涼か楽しい！  
 東京の避暑地(温泉)を楽しむ方法、ご紹介！  
 By スタッフ ぽん

夏休みの旅行は、国内旅行！  
 温泉・SPA、自然・ホテル、プールで楽しむ楽しみまで一挙公開！  
 By スタッフ おまき

**海外旅行記事** | 海外旅行記事をもっと読む  
 まだ間に合う！海外旅行の特集★  
 人気のビーチリゾートはどこで？  
 さて、この夏は誰とどこへ？  
 By スタッフ まき

夏の水上コテージを今こそ紹介  
 タクシーもレンタルも不要の休日を通り越せば水上コテージ情報  
 By スタッフ もりこ

- ✓ Enhance existing menus and add downloadable applications.
- ✓ Implement train and hotel packages comparison site services
- ✓ Renew highway bus and overnight bus menus
- ✓ Launch overseas Wi-Fi router rental comparison service
- ✓ Provide a wider range of travel professionals' reviews
- ✓ Enhance the contents of the Travelko Map application
- ✓ Expand system provision
- ✓ Make posting standards more rigorous, thereby ensuring highly reliable services



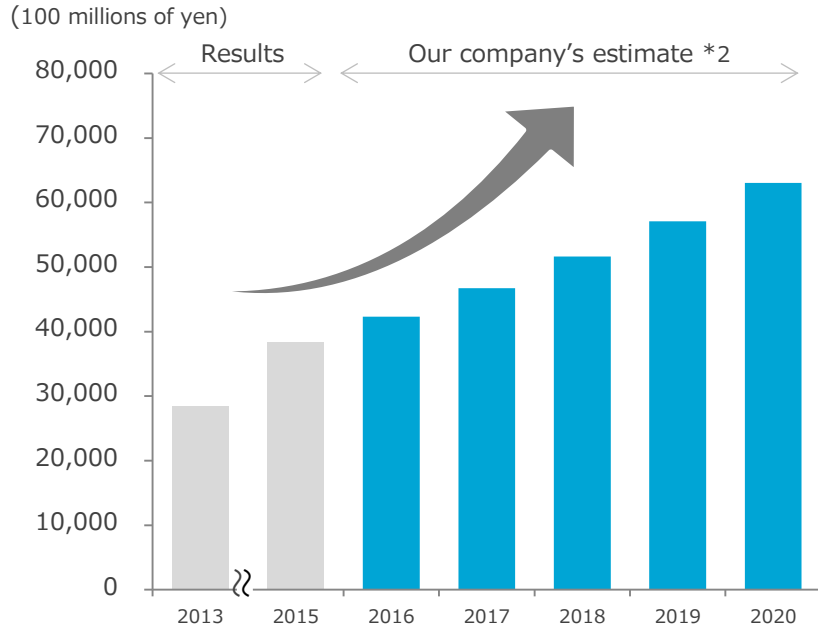
- ✓ Strengthen ties with local travel agencies in other countries  
Affiliated with the largest travel agency in Taiwan, Lion Travel, on April 6, 2017
- ✓ Begin product comparison for vacation rentals, package tours and optional tours
- ✓ Increase travel reviews in multiple languages for inbound travelers
- ✓ Provide system to inbound media



Growth of online/inbound travel markets is expected to continue.

## Online travel market scale

Total travel market scale: 9.7 trillion yen\*1  
 Online market scale: **3.8 trillion yen (2015)\*1**  
 Average annual increase of **15%** \*1

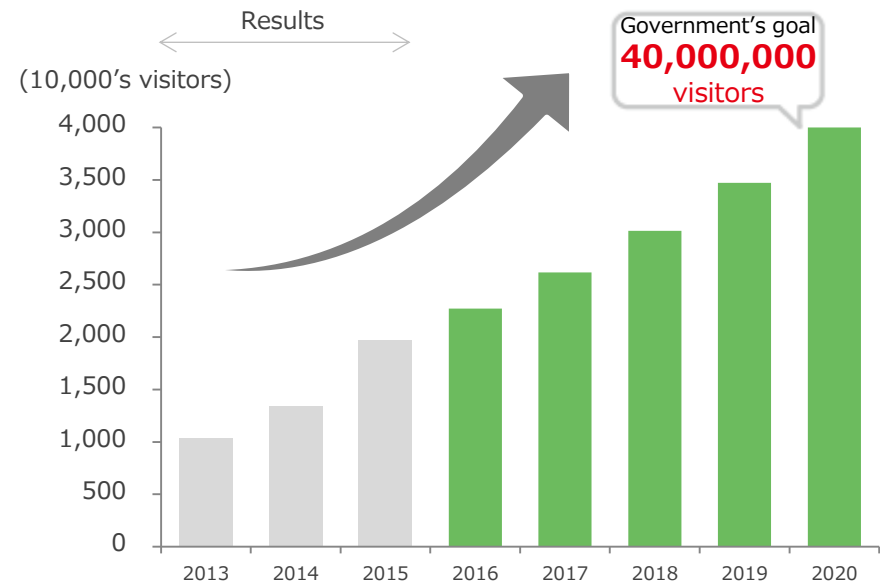


\* 1 An abstract from PhoCusWright Japan's "Survey of Japan's Online Travel Market, Third Edition"

\* 2 A growth rate of the yearly average +10% is assumed

## Growing inbound market

2016  
 24,030,000  
 visitors\*3 → 2020  
**40,000,000**  
**Visitors\*4**

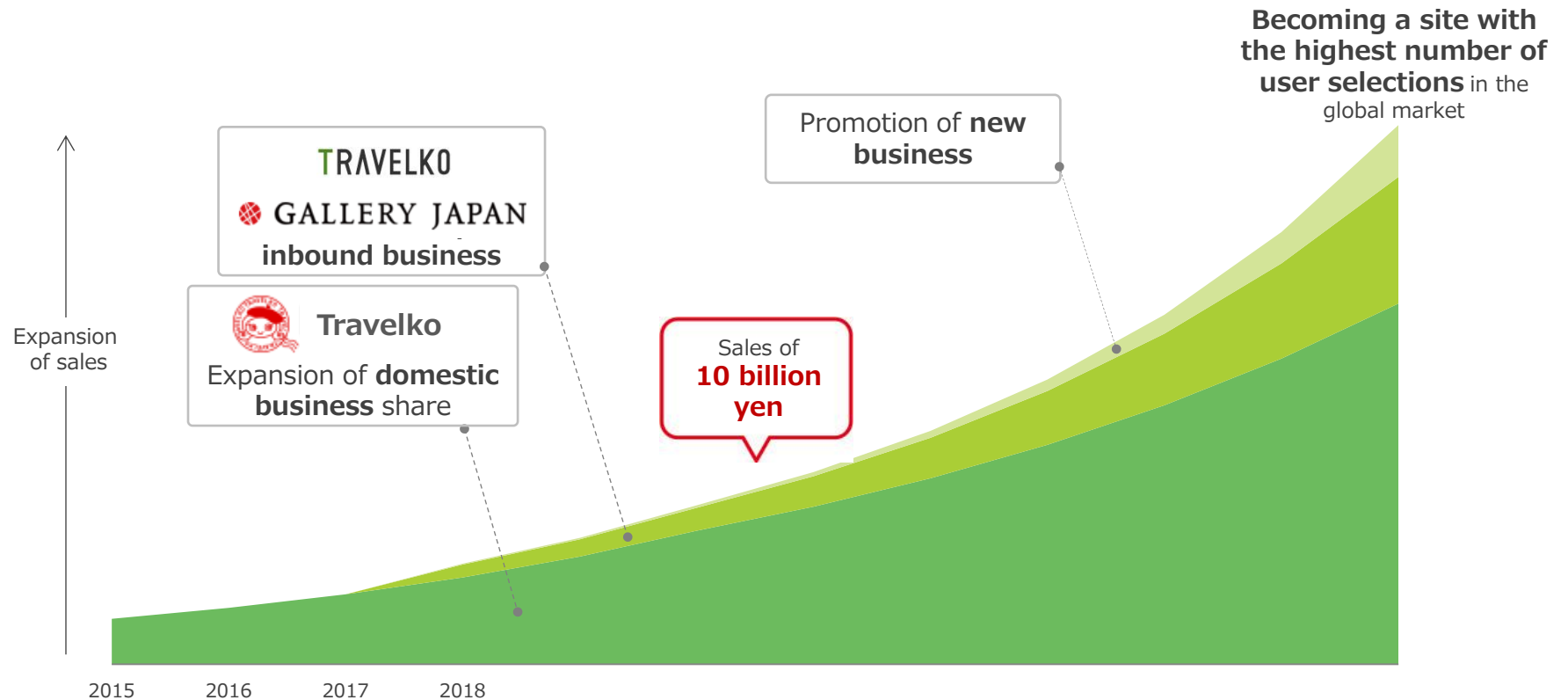


\*3 An abstract from the number of foreign visitors to Japan by JNTO (Japan National Tourism Organization)

\*4 An abstract from "Tourism Vision to Support the Future of Japan"

# Image of Mid-term Growth

Aiming to become a site with the highest number of user selections in the global market



- This document contains prospects associated with our company, future plans, business objectives, etc. The entries concerning these future prospects are based on our company's assumptions concerning future events and trends as at the time of making this document, so there is no guarantee that the assumptions made by our company are completely accurate. Because of various factors, the actual results may differ drastically from those assumed in this document.
- Unless otherwise stated, the financial data contained herein is shown based on accounting principles generally recognized inside Japan.
- The occurrence of future events, etc., notwithstanding, our company will not necessarily make revisions to publications, etc., regarding future prospects that have already been published, except in cases where such revisions are requested because of bylaws concerning disclosure of the revisions.
- Information concerning companies other than our company is based on public knowledge that is generally known.

## OpenDoor Inc.

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